THE DEPUTY CHAIRMAN: Wt shall now take up clause-by-clause consideration of the Bill.

*Clauses 2 to 31 were added to the Bill.*

*Clause 1, the Enacting Formula and the Title were added to the Bill.*

SHRI T.G. VENKATRAMAN: Madam, I move:

That the Bill be passed.

*The question was put and the motion was adopted.*

## STATEMENT BY MINISTER

### New Exploration Licensing Policy (NELP)

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI T.R. BAALU): Madam Deputy Chairman,

I have great pleasure in informing the Hon'ble Members of this august House that the Govt, has recently approved a New Exploration Licensing Policy for Petroleum operations.

As the Hon'ble Members are aware we are heavily dependent on imports to meet the rapdiiy growing demand for petroleum products—the current level of self-sufficiency being less than 50%. At the current levels of projection of demand and supply, the level of self-sufficiency is likely to. decline even further to about 35% over the next five years. It will be readily appreciated that substantial efforts are necessary to boost the level of exploration activity in the country so that new finds can be made and the production of crude oil and gas significantly increased in the years to come.

India today remains one of the least explored regions with well density per thousand sq. kins. being among the lowest in the world. Of the 26 sedimentary basins, only 6 have been explored. It is thus evident that vast amounts of capital investments are necessary if exploration efforts are to be substantially augmented and therefore apart from boosting the efforts of the National Oil Companies, greater incentive will have to be given to the private sector to invest in this critical area.

With these broad objectives in mind, the Govt, has approved a New Exploration Licencing Policy which has the following salient features:—

(1) The upstream Public Sector companies namely ONGC and OIL are to be provided a level playing field by giving them the same fiscal and contract terms as are available to private companies. This will, inter-alia, imply that oil companies including ONGC and OIL will be paid international prices of oil for discoveries made in the blocks offered under the new policy, they will, however, also have to compete with the private sector for obtaining petroleum exploration licences instead of getting them on a nomination basis at present.

(2) Exploration blocks under the new policy will be allotted on the basis of an open acreage system which means that companies can apply for exploration blocks at any time and not necessarily be restricted to bidding rounds.

(3) A new comprehensive fiscal package has been proposed to provide ade-qate incentive for attracting investment capital in this critical area. Some elements of this package have already been announced by the Finance Minister in his Budget Speech. This package includes:—

(1) Royalty payments at the rate of 12.5% for the onland areas and 10% for offshore areas.

(2) Half of the royalty from the offshore area will be credited to a Hydrocarbon Development Fand Jo promote and fund exploration Telated activities such-as - acquisition of geological data on poorly unexplored basins, promotion of investment opportunities in

the upstream sector, institution building etc.

(a) To encourage exploration in deep water and frontier areas, royalty will be charged at half the rate for offshore for deep water areas beyond 400 metre bathymetry for the first 7 years* after commencement of commercial production.

(b) It is proposed to completely abolish cess payments for blocks offered under the new policy.

(c) ONGC and OIL will also be exempted from payment of customs duty on import of goods required for per-troleum operation on exploration and exploitation under new policy to bring them on par with private companies who presently enjoy this facility.

(c) A special thrust is to be given to boost exploration and production of petroleum in the North Eastern region and for this purpose the Finance Minister has already announced a tax Holiday for seven years after commencement of commercial production from fields situated in this region.

(d) A separate petroleum tax code is to be put in place to facilitate investment in this sector.

Some of the other feature of the new policy are:—

(i) There will be no compulsory state. participation through ONGC and OIL and it will be upto the private companies to form strategic alliances with these companies if they so wish to do.

(ii.) There will be freedom to the contractors to market the crude oil and gas discovered in the blocks under the new policy in the domestic market.

(iii) There will be no payments of signature, discovery or production bonuses under the new policy.

(iv) **Exemption from** garment ©f pet-rotaua***exploration- license** fee/ area rentals. **Tfeank** *fail*-.

THE DEPUTY CHAIRMAN: Now, I have a few names here.

DR. BIPLAB DASGUPTA (West Bengal): Madam Deputy Chairman, I think this is a very, very important statement which has been made in this House. It raises many important issues regarding the Government's policy towards crude oil and so on. Therefore, I would suggest that let us not discuss it hurriedly. Please give us a bit of time, at least one night. Tomorrow you can fix up any time, 8 o'clock in the evening which I don't mind. Please give us some time to prepare ourselves and come.

PRANAB MUKHERJEE (West Bengal): It is a good idea.

THE DEPUTY CHAIRMAN: Mr. Minister, okay. Clarifications on your statement would be sought tomorrow.

SHRI SATISH AGARWAL (Rajasthan): It should be taken up tomorrow after the day's business is over.

SHRI T.R. BAALU: Madam, let some time be fixed for seeking clarifications so that I can make myself available in this House.

SHRI PRANAB MUKHERJEE: We can have it around this time.

THE DEPUTY CHAIRMAN: Mr. Minister, I must tell you that though we would like you *o be present in this House, nobody is asking you to be present here throughout the day. When we were discussing the General Budget, there was no question that we would stop the discussion on the Budget and have you statement, however important it is. Tomorrow at the end of the legislative business, we would like you to be present here. You can ascertain from the Secretariat as to when the business is going to be over.

Then, he nich
he is so

iRMAN: I have
But I hope tomor-
too many names on
important statement. 1
ae, Mr. Dipankar Mukher-
also the names of Dr. Biplab
and Mr. John Fernandes and
.ers who are not here.

U R.K. KUMAR (Tamil Nadu): ..m, I would like to seek a clarifica-

THE DEPUTY CHAIRMAN: Sure. You can give your name the're. We will see.

ऐसे नहीं दीजिए पडकर दीजिए ।

1 am sorry. A name should not be given just because somebody wants to speak. Please study and come prepared to make some suggestions. Don't give names just like that because we run short of time in the House. I would request everybody. Only the names of those who are going to make some suggestions should come. If I feel anybody is speaking an irrelevant thing, I will cut it out. I will use my discretion which is quite a lot, which I do not use. Tomosow, we have so many Ordinances, wchavstM,P. and we have got some other business also.

SHRI R.K. KUMAR: I have only one question.

THE DEPUTY CHAIRMAN: You can put two questions. But they should be proper.

The Hosue is now adjourned till 11 o'clock tomorrow.

The House then adjourned at fifty-one minutes past seven of the clock till eleven of the clock on Wednesday, the 19th March, 1997